

William R. "Bill" Minor  
Northern District Commissioner

Dick Hall  
Central District Commissioner

Wayne H. Brown  
Southern District Commissioner



Larry L. "Butch" Brown  
Executive Director

Harry Lee James  
Deputy Executive Director/  
Chief Engineer

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P. O. Box 1850 / Jackson, Mississippi 39215-1850 / Telephone (601) 359-7001 / FAX (601) 359-7110 / [www.goMDOT.com](http://www.goMDOT.com)

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## **FINANCIAL AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

February 19, 2004

Dear Mr. Bryant:

We appreciate the professionalism and courtesy shown to our staff by your audit staff during the financial audit recently conducted. We had the exit conference and received the Financial Audit Management Report and the following details our response to the Other Findings:

### **AUDIT FINDINGS:**

#### **REPORTABLE CONDITION**

##### **GAAP Reporting Packages Should be Properly Prepared and Reviewed**

**Response:** We agree with this recommendation.

##### **Corrective Action Plan:**

- A. The Financial Reporting section within in the Financial Management Division is responsible for the accurate compilation of all financial data that is submitted for inclusion in the Comprehensive Annual Financial Report (CAFR) issued by the Department of Finance and Administration (DFA).
- B. The first of three errors that occurred pertain to six projects that were closed for Fiscal Year 2004 between the dates of July 1, 2003 and July 15, 2003. The Final reports for Fiscal Year 2003 were run on July 16, 2003. The six projects that were closed for FY2004 should have been included on the FY 2003 year end reports, but inadvertently dropped off. The report issue has been addressed ensuring that closed projects will remain on the report through the fiscal year end and will not "drop off" until the next fiscal year thus ensuring accurate preparation of the supporting schedules for the GAAP package.



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- C. The last two errors noted pertain to formulas within Excel spreadsheets that upon discovery were corrected immediately. The manager of the Financial Reporting Section will review each subordinate's spreadsheets and formulas contained therein as well as the Financial Management Director performing a final review prior to submission.

Although with the implementation of these additional controls we cannot guarantee total accuracy in the compilation of the agency's GAAP package, we are confident that we will submit future packages that are materially correct.

Should you have any questions or need additional information, contact our Financial Management Director, Mark Valentine at 359-7400.

Sincerely,



Larry L. (Butch) Brown  
Executive Director

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## **OTHER AUDIT FINDINGS**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

February 19, 2004

Dear Mr. Bryant:

We appreciate the professionalism and courtesy shown to our staff by your audit staff during the federal compliance audit recently conducted. We had the exit conference and received the Single Audit Management Report and the following details our response to the Other Findings:

### **AUDIT FINDINGS:**

#### **IMMATERIAL WEAKNESS IN INTERNAL CONTROLS**

**CFDA Number 20.205 Highway Planning and Construction**

**Internal Controls over the Review of Sub recipient Audit Reports Should be Strengthened**

**Response:** We agree with this recommendation.

#### **Corrective Action Plan:**

- A. The Internal Audit Division will strengthen controls ensuring reviews of sub recipient audit reports are completed in a timely manner.
- B. The Internal Audit Division will make this audit function a priority and ensure these audit reports are completed within six months of receipt and will issue a management decision on audit findings, when applicable, thus complying with the sub recipient monitoring compliance requirements for a pass-through entity as noted in OMB Circular A-133.

Should you have any questions or need additional information, contact our Internal Audit Director, Diane Gavin at 359-7499.

Sincerely,



Larry L. (Butch) Brown  
Executive Director

